

CHAPTER 212
LOANS FOR WASTE REDUCTION AND
RECYCLING PROJECTS

567—212.1(455B) Goal. The goal of this program is to reduce the amount of waste being generated and the amount of waste being landfilled in the state through source reduction and recycling initiatives.

567—212.2(455B) Purpose. The purpose of this program is to provide financial assistance for activities occurring in the state of Iowa to businesses for implementing projects that achieve waste reduction at the source, projects that manufacture or remanufacture products containing postconsumer material, and projects that process eligible waste materials for use in the manufacturing process.

567—212.3(455B) Definitions. The following terms, as used in this chapter, shall have the following meanings:

“*Applicant*” means any Iowa business that submits a correctly completed application requesting financial assistance through this program by the application deadline as identified in these rules.

“*Cost share*” means applicant’s share of proposed eligible project costs.

“*Department*” means the Iowa department of natural resources.

“*Eligible costs*” means costs eligible for financial assistance including: capital costs of the proposed project, salaries directly related to the project, engineering costs, transportation to markets, and raw materials analysis costs.

“*Eligible projects*” means any project that manufactures or remanufactures products with postconsumer materials; any project involving the purchase of equipment to achieve source reduction; any project that processes eligible waste materials; or any project involving the recycling of waste tires.

“*Groundwater protection Act*” means 1987 Iowa Acts, chapter 225, which sets forth laws pertaining to the protection of Iowa’s groundwater resources through reduced disposal of wastes at landfills and provides grants and loans to encourage better management of Iowa’s groundwater resources.

“*Indirect costs*” means costs that are not identifiable with a specific product, function, or activity.

“*Overhead costs*” means expenses not chargeable to a particular part of the work or product including, but not limited to, utilities and insurance.

“*Postconsumer material*” means material generated by a business or consumer that has served its intended end use and has been separated from waste for collection and recycling. For the purposes of this program, this definition includes postindustrial materials that have been separated from waste for recycling.

“*Recipient*” means an applicant selected to receive a loan under these rules.

“*Recyclable material*” means any postconsumer material that can presently be recycled or that demonstrates potential to be recycled.

“*Recycled products*” means products containing postconsumer materials.

“*Waste management assistance*” means the waste management assistance division of the department of natural resources established by Iowa Code section 455B.483.

567—212.4(455B) Role of the department of natural resources. The department of natural resources is responsible for the administration of funds for projects sponsored under these rules. The department shall ensure that funds disbursed meet guidelines established by the groundwater protection Act and the waste management authority Act.

An eligible project may be submitted by any Iowa business for loan consideration under this chapter. The director shall determine which projects will receive funding after review by the waste management assistance division and the environmental protection commission of this department and the department of economic development.

567—212.5(455B) Funding sources. The department will use funds appropriated by the legislature and other sources that may be obtained for the purpose of achieving the goals outlined in these rules. The department shall ensure that moneys appropriated meet both federal and state guidelines pertaining to their use.

567—212.6(455B) Funding restrictions. The applicant shall not be eligible to receive additional loan funds under this program until the ending date of the contract for the last loan obtained, all loan funds have been repaid, and all conditions of the contract have been fulfilled to the satisfaction of the department. The applicant shall not be eligible to receive loan funds under this program until an existing Landfill Alternatives Grant contract has expired and all conditions of the Landfill Alternatives Grant contract have been fulfilled to the satisfaction of the department. The applicant shall not be eligible to receive a grant through the Landfill Alternatives Grant Program until the ending date of the contract for the last loan obtained, all loan funds have been repaid, and all conditions of the contract have been fulfilled to the satisfaction of the department.

567—212.7(455B) Reduced loan award. The department shall ask the applicant to document the impacts of reduced financial assistance finalizing an award for less than the eligible amount requested by an applicant or less than the maximum award established by the waste management division. Reduced funds shall be awarded where it has been determined by the department that:

1. Program resources are insufficient to provide full assistance to all applicants to which the department intends to award loans; or
2. Applicant could operate the project at a reduced level and still achieve project objectives.

567—212.8(455B) Limitations on disbursement of funds. No loan funds shall be disbursed until the department has:

1. Determined the total estimated cost of the project;
2. Determined that financing of the cost-share amount is ensured by the recipient;
3. Received commitments from the recipient to implement the project; and
4. Executed a written agreement with the recipient and, if applicable, the recipient has submitted final design plans for projects under these rules.

567—212.9(455B) Term of the loan. The term of the loan, not to exceed five years unless approved by the environmental protection commission, shall be based on the specific capital costs financed, as well as the terms of other financing provided for the project. The loan agreement will establish other conditions or terms needed to manage or implement the loan. Collateral will be required. If sufficient collateral is not available within the applicant's organization, personal guarantees or other acceptable collateral will be required.

567—212.10(455B) Eligible costs. Applicants may request monetary assistance in the implementation and operation of the project which includes funds for:

1. Purchase of equipment that will lead to source reduction;
2. Engineering or consulting fees;
3. Purchase of equipment necessary for the manufacture or remanufacture of products containing postconsumer materials;
4. Contractual labor for installation of equipment;
5. Salaries directly related to the implementation and operation of this project;
6. Transportation costs needed to establish initial market access;
7. Testing to ensure acceptable qualities of recyclable materials.

567—212.11(455B) Ineligible costs. Loan funds may not be used for items including the following:

1. Taxes;
2. Indirect or overhead expenses;
3. Legal costs;
4. Contingency funds;
5. Land acquisition;
6. Buildings.

567—212.12(455B) Eligible projects. The department may provide no-interest loans to applicants for the following types of projects:

1. Purchase and installation of equipment that results in a reduction of source generated waste;
2. Projects that manufacture or remanufacture products from postconsumer materials. Eligible projects will not result in the transfer of waste from one medium to another.

567—212.13(455B) Cost-share by applicant. An applicant for a loan shall agree to provide a minimum cost-share of local funds toward project costs:

1. Projects that achieve source reduction—35 percent.
2. Projects for the manufacture or remanufacture of products from postconsumer materials—50 percent.

567—212.14(455B) Selection criteria. The department shall evaluate applications and applicants will be awarded loans based on the following selection criteria. The selection criteria include:

212.14(1) Waste reduction projects only:

- a. Amount and toxicity of waste to be reduced and the percentage of waste reduction achieved relative to normal business operations through implementation of this project; (30 points)
- b. Technical and economic feasibility and transferability of the proposed project; (25 points)
- c. Documentation that a detailed waste reduction analysis has been completed for the business; (20 points)
- d. Experience, expertise, and managerial ability of the parties involved in implementing all phases of the proposed project; (15 points)
- e. Applicant's ability to repay the loan in light of such factors as: (10 points)
 - (1) Size of the project in relation to income and assets of the company and its principals;
 - (2) Impact of the project on the applicant's operations;
 - (3) Availability of financing from other sources.

212.14(2) Recycling projects only:

- a. Amount and toxicity of Iowa waste to be recycled by this project; (30 points)
- b. Economic feasibility of the proposed project as demonstrated by documentation that a detailed market analysis has been completed for the product(s) produced; (25 points) This analysis must include:
 - (1) Impact on recycling markets;
 - (2) Documentation that there is a consistent volume of waste for the project;
 - (3) Market viability and long-term market stability;
- c. Technical feasibility and transferability of the proposed project; (20 points)
- d. Experience, expertise, and managerial ability of the parties involved in implementing all phases of the proposed project; (15 points)
- e. Applicant's ability to repay the loan in light of such factors as: (10 points)
 - (1) Size of the project in relation to income and assets of the company and its principals;
 - (2) Impact of the project on the applicant's operations;
 - (3) Availability of financing from other sources.

Viable tire recycling projects will be awarded a bonus of 5 points.

567—212.15(455B) Application form. An applicant shall submit a completed application form provided by the department and will include, but not be limited to, the following information:

1. Name of legal owner;
2. Name and title of applicant;
3. Address of applicant;
4. Telephone number of contact person;
5. Documentation of project resources including:
 - Identifiable monetary resources;
 - Land, building, or equipment;
 - Insurance coverage;
 - Support services;
 - Personnel;
6. Information satisfying the provisions of rules 212.12(455B) to 212.14(455B);
7. Documentation of consistency with local and regional waste management planning efforts.

567—212.16(455B) Contract. A successful applicant shall enter into a contract with the department for the purposes of implementing the project for which financial assistance through this program was sought. The contract shall be signed by the department director, the waste management assistance division administrator, and the authorized officer of the recipient. The applicant will be required to submit periodic progress reports as identified in the executed contract. Progress reports are considered a part of the public record. The department may void a contract and seek a return of any funds released under the contract for failure by the recipient to perform the terms and conditions and other obligations under the contract in a timely fashion. Amendments to contracts may be adopted by written consent of all parties.

Applications will be due the first Monday in October of each year, unless otherwise designated by the waste management assistance division. Application materials are considered a part of the public record. Application materials received after the deadline will not be considered for funding during the current round, will not be retained for future consideration and will not be returned to the applicant. It is the applicant's responsibility to resubmit a completed application for funding consideration during a subsequent funding period.

567—212.17(455B) Loan denial. An applicant may be denied funding for any of the following reasons:

1. Applicant does not meet eligibility requirements pursuant to the provisions of rules 212.10(455B) to 212.15(455B);
2. Applicant does not provide sufficient information requested in the application forms pursuant to rules 212.10(455B) to 212.15(455B);
3. Project goals or scope is not consistent with rules 212.1(455B), 212.2(455B) and 212.10(455B) to 212.12(455B).
4. Upon announcement of funding awards, the applicant has an active loan through this program or an active contract through the Landfill Alternatives Grant program.

These rules are intended to implement Iowa Code section 455B.310(2) "b"(4).

[Filed 7/30/93, Notice 3/17/93—published 8/18/93, effective 9/22/93]